

CASE STUDY

Reps and Warranties Review

GLOBAL INSURANCE COMPANY



A Global Insurance Company was looking for a technological solution to improve confidence and accelerate the process of conducting warranty and indemnity insurance reviews. The insurer chose Luminance due to the flexibility of the machine learning algorithms, which make it the first technology able to work within the tight timescales and broad scope of insurance reviews. The team also consistently deals with datasets spanning multiple languages, so required a technology that could provide value regardless of the language, jurisdiction or specialisms of the documents. Luminance's language agnosticism was therefore a key factor in their adoption of the platform. The intuitive, user-friendly interface was also essential in ensuring users could get an instant snapshot of a set of documents just minutes after upload.

On this particular transaction, an underwriter had less than two days to review thousands of documents for an M&A deal. The review was being conducted under a short transaction timeline, the client was negotiating a sale agreement with a warranty relating to the number of contracts that contained a 'Change of Control' clause. The Warranties and Indemnities team could tell the scope of the review was limited to a sample of the contracts by looking at the due diligence report. Despite being an accepted process, sampling inevitably opens up the possibility of the legal team

missing key information, increasing the risk associated with underwriting the legal advice given to the client. A senior employee pointed out that a significant legal threat to the deal, associated with sampling, was the possibility of a breach of warranty. If the sellers did not specifically disclose all instances of a 'Change of Control' clause, and the buyer failed to conduct diligence on all contracts, the resulting uncertainty could lead to the discovery of evidence contrary to the legal advice given, and therefore a weighty pay-out to the law firm by the Insurance Company. Upon opening Luminance after upload, the team could immediately view every contract containing a 'Change of Control' clause using Luminance's advanced pattern recognition and clustering capabilities, then distinguish which contracts had already been reviewed and filter those out so as not to duplicate work. The team reported that this insight and control over the project gave the user greater confidence to underwrite throughout, in comparison to a manual review. Thousands of documents could be understood at speeds beyond human capacity. After seeing the benefits of using AI in this case, the Insurer is now rolling out Luminance across the whole organisation. They are expanding their deployment of Luminance's products, and will be using the technology for policy wording comparisons within the W&I teams, and NDA review, due to their confidence in the abilities of the technology.

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Key result

About Luminance

Luminance is the leading artificial intelligence platform for the legal profession, with over 350 customers in more than 60 countries. Luminance's machine learning technology reads and forms an understanding of documents, helping lawyers to perform the most thorough and rapid document reviews across practice areas including due diligence, contract negotiation, regulatory compliance reviews, property portfolio analysis and eDiscovery. Luminance has offices in London, Cambridge, New York and Singapore.